

Message Text

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64

ACTION EB-04

INFO OCT-01 SS-04 ISO-00 EUR-03 TRSE-00 NSC-04 NSCE-00

INR-01 CIAE-00 CEA-01 FRB-01 /019 W

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R 051153Z FEB 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6245

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L BONN 01971

LIMDIS GREENBACK

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: VIEWS OF BUNDESBANK BOARD MEMBER IRMLER

REF: BONN 1314

1. IRMLER (PROTECT AND TREAT NOFORN), IN A CONVERSATION THIS WEEK WITH THE FINANCIAL ATTACHE, INDICATED THAT HE CONTINUES TO FEEL THAT THE ECONOMY IS IN A CLEAR UPSWING, THAT THE MONEY SUPPLY IS MORE THAN AMPLE AND THAT NO FURTHER MONETARY MEASURES OR EASING OF INTEREST RATES IS CALLED FOR AT THIS TIME. IRMLER QUALIFIED THE ABOVE, HOWEVER, BY SAYING THAT IT WAS DIFFICULT TO PREDICT WHAT AS LARGE A BODY AS THE CENTRAL BANK COUNCIL WOULD DO AND SOME FURTHER SLIGHT EASING OF GERMAN INTEREST RATES -- BRINGING DAILY MONEY DOWN 3 PERCENT -- COULD NOT BE EXCLUDED. (COMMENT: BOTH THE DECEMBER INDUSTRIAL PRODUCTION AND ORDERS DATA AND THE RECENT STRENGTH OF THE DM

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ARE CITED BY SOME AS ARGUMENTS FOR A FURTHER EASING

OF GERMAN INTEREST RATES.)

2. IRMLER SAID HE FELT THAT A SLIGHT INCREASE IN THE EXCHANGE VALUE OF THE DM WOULD BE ECONOMICALLY SENSIBLE, PARTICULARLY SINCE THE DM HAD BEEN DEPRESSED "ARTIFICIALLY" DURING THE LAST SIX MONTHS BY LOW GERMAN INTEREST RATES (ADOPTED FOR DOMESTIC CYCLICAL REASONS).

3. IRMLER SAID THAT THE BUNDESBANK HAD OFFERED TO REINSTATE THE DM 500 MILLION GOLD-BACKED CREDIT TO ITALY ON ITS OLD TERMS, BUT THAT THE BANK OF ITALY HAD INDICATED THAT IT DID NOT WISH THE CREDIT AT THIS TIME IN ORDER TO MAINTAIN PRESSURE FOR ECONOMIC REFORMS.

CASH

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Message Attributes

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Draft Date: 05 FEB 1976
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Margaret P. Grafeld
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